



ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

AUDITOR'S COMMENTS ON ACCOUNTS

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board of Directors ("**Board**") of Advance SCT Limited ("**Company**") wishes to inform that the independent external auditors of the Company, Moore Stephens LLP ("**MS**" or "**Independent Auditors**"), have, in their Independent Auditors' report dated 8 April 2014 ("**Report**"), included a qualified opinion in relation to a subsidiary in China of the newly acquired Western Copper Co., Ltd. MS has also placed an emphasis of matter on the financial statements of the Company and its subsidiaries ("**Group**") for the financial year ended 31 December 2013 ("**FY2013**").

A copy of the Report and the extracts of Note 2(a) to the financial statements of the Group are annexed hereto for shareholders' information.

Shareholders of the Company are advised to read the financial statements of the Group for FY2013, which will be dispatched to them on or around 14 April 2014.

By Order of the Board

Simon Eng
Executive Chairman
11 April 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Advance SCT Limited

1. We have audited the accompanying financial statements of Advance SCT Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 29 to 101, which comprise the balance sheets of the Group and the Company as at 31 December 2013, and the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting an audit in accordance with the Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Limitation of Scope in auditing the financial statements of a subsidiary company

6. As disclosed in Note 12 to the financial statements, the financial statements of Shenzhen Jestern Technology Co. Ltd (a subsidiary company based in the People's Republic of China acquired during the year on 3 January 2013), for the current financial year ended 31 December 2013, were audited by another auditor which was based in the People's Republic of China.
7. The Group's consolidated financial statements for the current financial year ended 31 December 2013 include the net profit, total assets, total liabilities and net assets of the subsidiary company amounting to S\$443,375, S\$7,559,568, S\$5,838,985 and S\$1,720,583 respectively.

INDEPENDENT AUDITORS' REPORT

To the Members of Advance SCT Limited

8. As at the date of this report, we were unable to perform normal audit procedure as auditors of the Company on this subsidiary for the purposes of providing an opinion on the consolidated financial statement of the Group. Consequently, we were unable to determine what adjustments, if any, may be required to the consolidated financial statements of the Group.

Qualified Opinion

9. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs, the statement of financial position of the Company and the consolidated financial statements of the Group, are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of Matter

10. We draw attention to Note 2(a) to the financial statements which states that the Group incurred a loss after tax of S\$6,954,000 (2012: S\$27,575,000) and total comprehensive loss of S\$6,677,000 (2012: S\$31,899,000) for the financial year ended 31 December 2013 and, as of that date, the Group has net current liabilities of S\$130,000 (2012: S\$8,349,000) and the Group and the Company has a deficit in shareholders' funds of S\$491,000 (2012: S\$27,441,000) and S\$7,141,000 (2012: S\$28,231,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Group and Company to continue as going concerns.
11. The accompanying financial statements have been prepared on a going concern basis as the directors of the Company are of the opinion that the Group and Company have the ability to meet their day-to-day working cash flow requirements from the working capital generated from operations.
12. In the event that the Group and Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are auditors, have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2014

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

These notes form integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate Information

Advance SCT Limited ("the Company") is a limited liability company, incorporated and domiciled in Singapore with its registered office and principal place of business at 65 Tech Park Crescent, Singapore 637787. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

The Board of Directors has authorised the issue of the financial statements with a resolution of the directors on the date of the Statement by Directors.

2 Summary of Significant Accounting Policies

(a) Going Concern

The Group incurred a loss after tax of S\$6,954,000 (2012: S\$27,575,000) and total comprehensive loss of S\$6,677,000 (2012: S\$31,899,000) for the financial year ended 31 December 2013 and, as of that date, the Group has net current liabilities of S\$130,000 (2012: S\$8,349,000) and the Group and the Company has a deficit in shareholders' funds of S\$491,000 (2012: S\$27,441,000) and S\$7,141,000 (2012: S\$28,231,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Group and Company to continue as going concerns.

The accompanying financial statements have been prepared on a going concern basis as the directors of the Company are of the opinion that the Group and Company have the ability to meet their day-to-day working cash flow requirements from the working capital generated from operations.

In the event that the Group and Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

(b) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act Chapter 50 and Singapore Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.